2000 ANNUAL REPORT

ipsco inc.

Note Regarding Forward-Looking Statements

Certain statements contained in each of the sections of this Annual Report, as well as in "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Form 40-F", and "Introducing IPSCO" constitute forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events or performance (often, but not always, indicated by the use of words or phrases such as "will likely result", "are expected to", "will continue to", "anticipates", "believes", "expects", "estimates", "intends", "plans", "projects" and "outlook") are not historical facts and may be forward-looking. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from future results, levels of activity and achievements expressed or implied by such forward-looking statements. Such factors include, among others: general economic conditions, the demand for steel and the specific steel products of the company, anticipated equipment performance in connection with the Montpelier and Mobile Steelworks, the progress of the lawsuit against the turnkey contractor of the Montpelier Steelworks, timing of completion, and estimated costs in connection with the company's other announced projects including the Mobile Steelworks, the availability of capital, the ability to properly and efficiently staff the company's manufacturing facilities, the impact of new Canadian and United States steelmaking capacity and the level of steel imports into the Canadian and United States markets, economic conditions in steel exporting nations, trade sanction activities, supply and demand for scrap steel and iron, alloys and other raw materials, supply, demand, and pricing for the electricity and natural gas used by the company, changes in environmental and other regulations and the magnitude of future environmental expenditures, inherent uncertainties in the development and performance of new or modified equipment or technologies, North American interest rates, exchange rates and the level of demand outside of North America for steel and steel products. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. Any forward-looking statements contained herein speak solely as of the date on which such statements are made, and the company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date on which such statements were made or to reflect the occurrence of unanticipated events.

IPSCO Inc. had its beginnings in 1956 as a pipe manufacturer using purchased steel coil as a feedstock. The company began production of its own steel in 1960 and quickly evolved into Canada's major western steel company. With the company's Mobile Steelworks commencing startup, the steelmaking capacity of the company is 3,500,000 tons per year of which over 70 percent is located in the United States with the balance in Canada.

The company is publicly traded, being listed on both the New York and Toronto Stock Exchanges, with the majority of shares widely held.

IPSCO employs directly and through its subsidiary companies, more than 2,000 people.

IPSCO's long-term goals are to:

- be a leading supplier of wide and thick carbon hot rolled coil and discrete plate in Canada and the United States;
- become a major player in certain special steel markets, especially tubular products and alloy steels, in North America;
- be a leading processor of wide and thick carbon hot rolled coil into cut-to-length product;
- earn an average return on shareholders' equity which is among the leaders in long-term profitability in the carbon steel industry;
- be a reliable employer with excellent working conditions; and
- be a good corporate citizen in the communities in which it operates.

The Front Cover:

A growing application for IPSCO's steel plate is in the production of parts cut using computer controlled laser beams. Customers note that IPSCO's plate tends to allow them to cut faster, to remove parts more easily, and to cut parts that are flatter and more uniform.

The Annual Meeting:

The shareholders' annual and special meeting will be held on 2 May 2001 at the Turvey Centre, Regina.

IPSCO INC.

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Inserts

Provided as self-contained documents as a service to shareholders

The Year at a Glance

ALL DOLLAR FIGURES CONTAINED IN THIS DOCUMENT ARE IN U.S. DOLLARS UNLESS OTHERWISE STATED

	Year ended 31 December	2000	1999	% Change
OPERATIONS	Coil and Plate Tons Produced •	1,904.5	1,662.2	15
	Finished Tons Shipped •	2,233.2	1,832.9	22
	Man Hours per Ton Shipped	1.66	1.95	(15)
EARNINGS	Sales *	$949.3	$808.3	17
	Net Income *	$57.7	$74.3	(22)
	Net Income Available to Common Shareholders *	$46.8	$68.3	(31)
SHAREHOLDER INFORMATION	Percent Earned on Common Shareholders' Equity	6%	9%	(33)
	Net Income per Common Share	$1.15	$1.68	(32)
	Dividends per Common Share ◆	$0.50	$0.50	–
	Dividends per Preferred Share ◆	$1.375	$1.375	–
FINANCIAL STRENGTH INDICATORS	Working Capital at Year-End *	$265.4	$282.5	(6)
	Working Capital Ratio	2.5	2.4	4
	Long-Term Debt at Year-End *	$343.8	$297.5	16
	Percentage of Long-Term Debt to Total Capitalization	26%	25%	4
	Capital Asset Expenditures for the Year *	$376.5	$136.3	176
	Number of Common Shares Outstanding at Year-End *	40.8	40.8	–
	Average Employment	1,962	1,752	12

*• in thousands   * in millions   ◆ CDN $*

Highlights

After starting on a positive note the year turned out to be one of disappointments for the domestic steel industry. By the fourth quarter only a handful of flat rolled carbon steel producers avoided red ink as a gigantic wave of dumped steel reached North American shores.

IPSCO was one of the few that remained profitable in the fourth quarter. But for the year as a whole profitability slipped. Profit after tax was $57.7 million, down 22 percent from 1999. After allowing for preferred share dividends and subordinated note interest the earnings per common share were $1.15, which was 32 percent below the year earlier figure.

Shipments at 2,233,200 tons were 22 percent ahead of 1999 but the average selling price fell by $13 per ton primarily due to price depression from imports. Output from the Montpelier Steelworks was 40 percent ahead of the previous year but continuing equipment problems meant that its full potential was not reached and unit production costs were higher than can be expected at capacity operating levels. The Regina Steelworks operated at effective full capacity.

Sales tonnages exceeded those of the previous year in all areas except large diameter gas transmission pipe that dropped due to very low activity in the pipeline industry. Market share increases were experienced in hot rolled coil and discrete plate. Sales of cut-to-length steel rose 44 percent reflecting IPSCO's expanded coil processing capacity. Oil and gas well tubular sales were up substantially as drilling activity reacted positively to higher oil and gas prices but a wetter than usual summer in Canadian drilling areas prevented even greater levels being reached. Tubular products for other than energy applications saw a more modest increase in sales.

The frequency of accidents requiring employees to take time off from work was 1.2 per one hundred man-years worked, up from 1.0 in 1999. However the frequency of all accidents resulting in time off or lessened work responsibilities dropped to 3.5 from 3.9. Company-wide programs to improve work safety continue to be a high priority of IPSCO management.

IPSCO's two operating steelworks recycled 2.3 million tons of steel scrap, not only removing used cars, old equipment and the like but also making an even more significant environmental contribution in terms of smaller energy consumption figures and lower pollution from emissions which would result had other steelmaking methods been used. The new Mobile Steelworks, which made and cast its first steel after the end of the year, is equipped with state of the art pollution control equipment. Altogether in 2000 IPSCO spent $27.7 million in capital on environmental improvement projects.

Total capital spending for the year was $376.5 million, primarily on the 1,250,000 tons annual capacity Mobile Steelworks. In addition IPSCO

strengthened its ability to temper level steel coils with the addition of a temper mill at its St. Paul coil processing operation.

Looking forward into 2001 IPSCO stands well equipped to serve the more sophisticated hot rolled coil and plate markets as well as a broad range of tubular product needs. Its enhanced steelmaking capacity due to the start up of its new steelworks and its enhanced temper level capability will permit customer service par excellence. As the year starts off demand is strengthening for both oil country tubulars and steel plate products, and prices for flat rolled steel are improving, albeit modestly. Success in ongoing trade cases, which seems quite likely, will mean further improvements. The year should be a profitable one for IPSCO; however, the domestic industry will only return to decent health if a priority is given to steel trade issues by both the U.S. and Canadian governments.

IPSCO management is fully cognizant of the negative impact on steel shares that has resulted from the poor financial showing of the steel sector over the last two years; both on the value of steel shares generally and on IPSCO's shares in particular. Internal programs dedicated to improving the company's financial performance relative to its peers are high on management's priority list.

Senior officers of the company:
Standing – L to R: David Sutherland, Charles Sanida, Bob Ratliff, Roger Phillips, Anne Parker, Charles Backman
Seated – L to R: Ray Rarey, Joe Russo, David Britten, Peter MacPhail, John Tulloch

Financial

Net income in 2000 decreased by 22 percent to $57.7 million on shipments of 2,233,200 tons. After deducting preferred share dividends and interest on subordinated notes, net income available to common shareholders was $46.8 million.

Operating profit (profit before interest income, interest expense, and income taxes) per ton for the year was $39 which compares to $60 for 1999.

Earnings per common share on the 40.8 million shares outstanding in 2000 decreased by 32 percent to $1.15 from $1.68 in 1999. On a book basis the annualized rate of return on common shareholders' equity was eight percent in the first quarter, six percent in the second quarter, five percent in the third quarter and five percent in the fourth quarter. For the year the return on common shareholders' equity decreased to six percent from nine percent in 1999.

On a market basis the return on common shareholders' investment in 2000 was a negative 51 percent, compared to a positive six percent in 1999. Common share prices decreased 52 percent compared to a five percent increase in 1999 while dividends paid per common

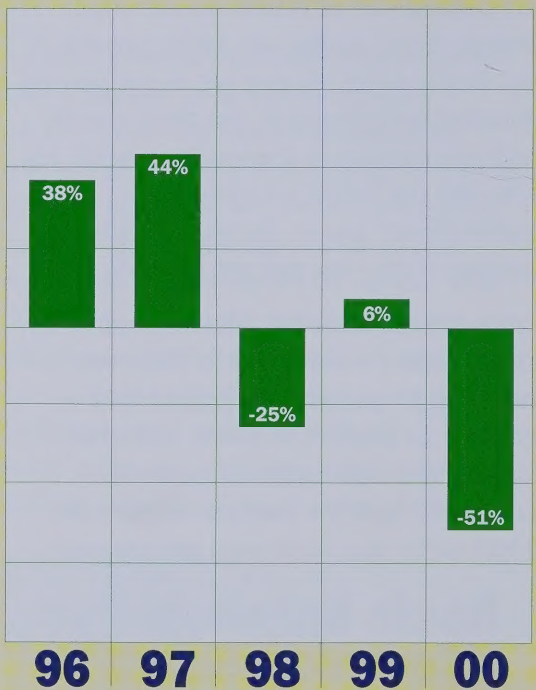
Net Income

($ millions)

Basic Earnings Per Common Share*

* Reflects 3-for-2 stock split of March 1998

Market Return on Common Shares



share were $.50 CDN in both 2000 and 1999 adding one percent to the return in each year.

During 2000 working capital provided by operations was $92.2 million while non-cash operating working capital increased by $69.4 million which resulted in $22.8 million of cash being generated from operating activities. Higher sales levels plus the startup of new facilities caused the increase in non-cash operating working capital. Net of issue costs, a total of $158.0 million was raised from two sale and leaseback arrangements covering equipment at the Montpelier Steelworks and the St. Paul, Minnesota facility. An additional $89.8 million in cash was raised from the issuance of junior subordinated notes which were arranged in 1998. In the fourth quarter IPSCO renegotiated its existing bank lines, securing $200 million with a consortium of six Canadian and American banks. This bank line is committed to March 2005. At 31 December 2000, $60 million was drawn on this line. In addition, the company raised $10 million from the issuance of industrial revenue bonds at the Mobile Steelworks and $.1 million was raised from common shares issued under the company's share option plan.

A total of $21.1 million of long-term debt was repaid, and the effect of exchange rate fluctuations on reported cash was a decrease of $3.6 million. Common share dividends of $13.7 million and preferred share dividends of $5.5 million were paid out, and interest payments on subordinated notes totaled $3.2 million.

Additions to capital assets were a record $374.5 million*, with over 90 percent of the spending concentrated on the new steelworks in Alabama. In addition $2.1 million was invested in a partnership that operates steel scrap and processing facilities in Western Canada.

As a result, during 2000 IPSCO's cash position decreased by $76.7 million to $18.2 million at 31 December.

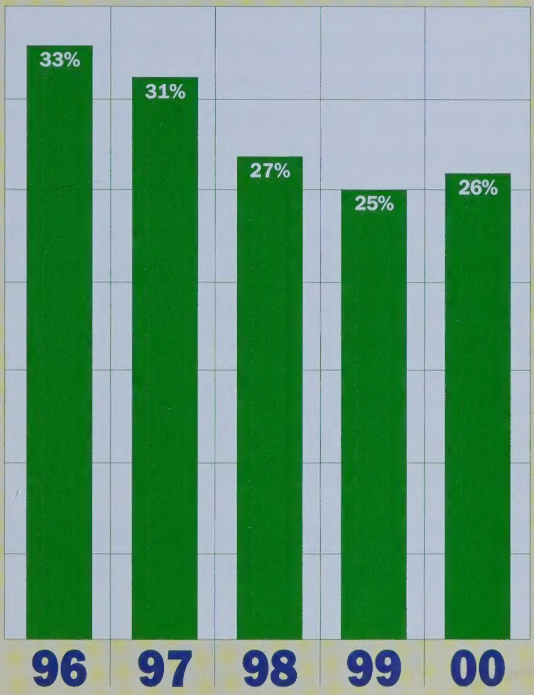
At 31 December 2000 IPSCO's long-term debt as a percentage of total capitalization increased to 26 percent from 25 percent in 1999 as traditionally computed. However, this percentage for 2000 increases to 41 using a more conservative definition of debt which includes the subordinated notes (which are classified as

** $368.2 million expended on a cash basis.*

equity for Canadian GAAP purposes) and proceeds from the Montpelier sale leaseback. The working capital ratio increased marginally to 2.5:1 from 2.4 at 31 December.

The new medium term bank lines previously mentioned are available for financing the construction of IPSCO's second U.S. steelworks in Mobile County, Alabama and for the related working capital requirements.

Debt as a Percentage of Total Capitalization



Effective 1 January 1999 IPSCO began reporting its financial results in United States dollars. In accordance with generally accepted accounting principles in Canada, all historical dollars have been translated at the effective exchange rate at 1 January 1999 being $1.5333 CDN per $U.S.

For accounting purposes, commissioning of the Montpelier, Iowa steel mill was completed on 3 May 1998. Tonnage shipments reported in this Annual Report include the Montpelier Steelworks shipments from the beginning of 1998. However, in accordance with generally accepted accounting principles in Canada the financial statements include revenue from 4 May 1998 onward. Sales, net income, and operating profit per ton discussed in this Annual Report are based on this approach.

Sales

At 2,233,200 tons shipments were 22 percent higher than in 1999, the fifth time in as many years that a year-over-year increase was reported. IPSCO's sales growth was substantially greater than an estimated five percent increase in North American apparent steel consumption and even further ahead of the approximate four percent growth exhibited by domestic steel producers.

Sales revenues of $949 million were 17 percent over those of the previous year's figure of $808 million.

The North American market for steel started out 2000 fairly buoyantly, with demand pushed upward by a briskly growing economy. Prices improved continuously until mid-way through the second quarter when various segments started to be affected by a resurgence of imports that caused a demand/supply imbalance, price instability, and a fall-off in orders from those who discovered they were overstocked. A detailed description of market conditions, import activity, and trade cases that ensued can be found later in this report, entitled **Markets and Imports**.

The average unit selling price fell to $421 per ton from $434 in 1999, but with

Tons Shipped

(thousands of tons)

Sales Dollars

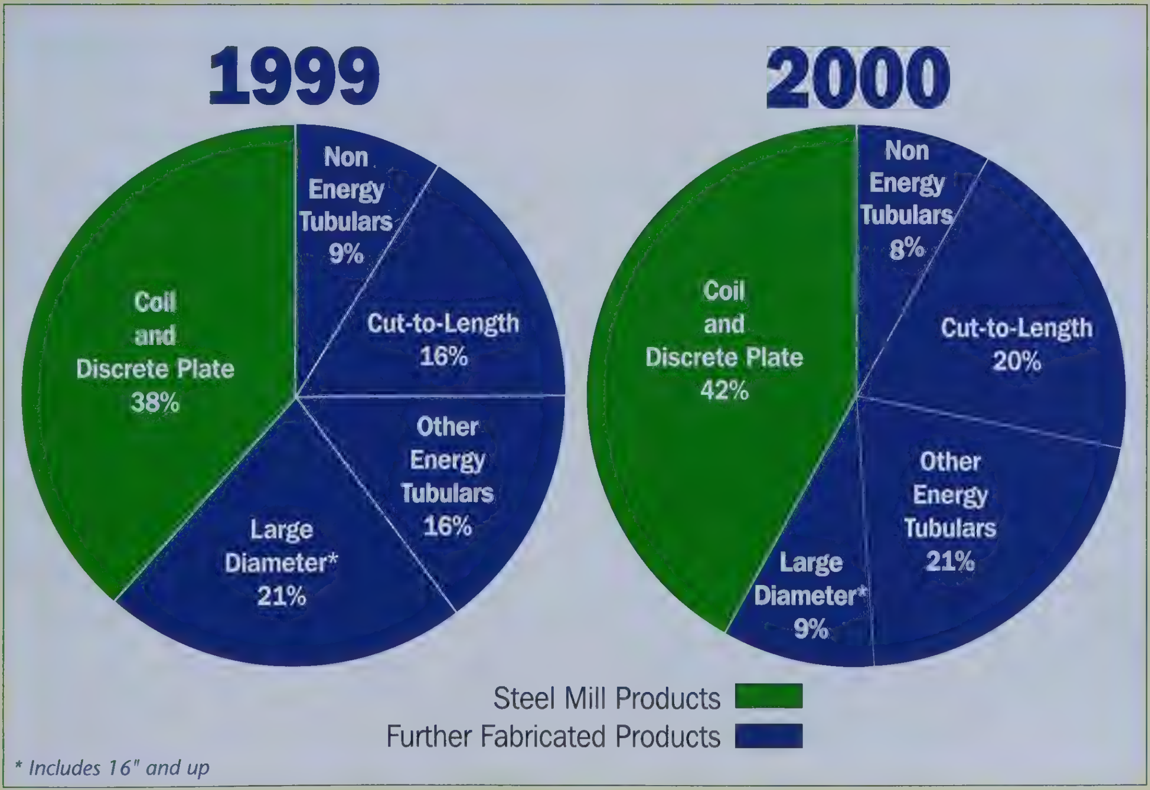
($ millions)

prices weakening from part way through the second quarter onwards the fourth quarter averaged even lower at $414 per ton.

For the first time in its history IPSCO's tonnage sales to United States customers comprised over half the total, reaching 1,302,800 tons or 58 percent, while Canadian based customers accounted for the remaining 42 percent.

IPSCO manages its overall business to maximize total dollar profit available to it. This is done by utilizing internal steelmaking capability and opportunities to augment its own steel production through purchases on the one hand, and selling opportunities for both its steel mill products and further fabricated items on the other. Drops in the sales of one particular product line may indicate a fall in demand or a decision by IPSCO to deliberately sell less of that product in order to load its facilities with a more profitable mix. Such decisions are taken on the basis of marginal production costs and revenues, freight rates on raw steel movements between its plants, and the cost of delivering products to customers, tempered by longer term strategic

Distribution of Sales by Product



For the fifth consecutive year total tons shipped increased. Tubular production saw the biggest shifts with large diameter shipments dropping to nine percent and other energy tubulars increasing to 21 percent of sales.

IPSCO steel from both the Regina and Montpelier Steelworks was used to fabricate this bridge over the Athabaska River in Alberta.

requirements. In reading individual product commentaries the shareholder should bear in mind that they reflect the result of such profit maximization activities.

Steel Mill Products

At 943,800 tons shipments exceeded those of the previous year by 38 percent with the increased volume coming almost precisely proportionately from the American and Canadian markets.

IPSCO's sales of hot rolled coil and discrete plate continued to be dampened by equipment problems at its Montpelier Steelworks, described under **Operations**. Although improved over 1999 these problems affected throughput rates and product yields, making it both uneconomic to produce certain grades and difficult to service some customers in need of reliable deliveries.

IPSCO estimates that in the size ranges and grades of hot rolled coil and discrete plate (including material further fabricated at its coil processing facilities) that it sells to third parties, its North American market share was around three percent in 2000.

Thanks to a strengthening of prices in the first five months of the year IPSCO garnered a year-over-year average unit price increase for steel mill products of about 2-1/2 percent but this disguised a four percent drop on a fourth quarter to fourth quarter basis.

Further Fabricated Products

Almost 58 percent of IPSCO's tonnage sales in the year were in the form of products that underwent further manufacturing steps after leaving the steel mills and before being shipped to the company's customers.

The further fabrication involved one of two processes, the flattening and cutting to length of hot rolled coil at one of IPSCO's coil processing facilities or the conversion of coil to tubular products at one of the company's many pipemills. In each case, by adding value prior to the sale, the overall profitability of the sale is increased. Also, because these processes sometimes involve a degree of customization to suit a particular customer they are less susceptible to unfair price competition from imported dumped steel that tends to be of the mass-produced variety.

In tonnage terms the sales of further fabricated products amounted to 1,289,400 tons, 12 percent higher than the year before.

Cut-to-length steel shipments comprised 434,400 tons of the total, an increase of 44 percent over 1999 when the figure was 300,800 tons. The rapid growth in such sales by IPSCO is for two reasons, the enhanced geographic coverage of the company's coil processing facilities (units at Houston and Toronto saw their first full calendar years of operation after commissioning) and the growing popularity of the enhanced surface finishes and higher strengths IPSCO is providing to the market place, especially from its temper rolling mills now located at three

Drilling activity in Canada rose by year end although impeded early in the year by wet weather. Here, Wascana Energy, operating partner for Nexen Petroleum Canada, drills for oil in southern Saskatchewan.

of its five coil processing locations. The average unit selling price was up four percent thanks to the same short-term price improvement mentioned under Steel Mill Products. On a fourth quarter to fourth quarter comparison unit prices did not drop, as might have been expected, but were flat, reflecting an inherently better valued product mix due to IPSCO's temper levelling capability. Statistics for steel consumption in the U.S. and Canada do not separate the output of coil processing operations from other types of flat rolled steel. To estimate its market share IPSCO adds these sales with its steel mill products sales to develop a combined market share estimate, given in the preceding section.

Shipments of tubular products rose less than one percent from the previous year's 847,200 tons to 855,000 tons. This reflected a drop in large diameter pipe sales that was just barely made up by increases in sales of smaller diameter tubular products for energy and non-energy applications.

The drop in large diameter pipe, chiefly used for natural gas transmission, was from 391,800 tons to 206,500 tons, or 47 percent, as many large expansion projects were completed. While pipeline construction activity fell the level of drilling for oil and gas increased substantially in reaction to higher energy prices with the average number of drilling rigs in the United States reaching 916, as compared to 622 in 1999, and in Canada the number rose from 272 to 383 on average (the level of Canadian activity failed to meet even greater heights as wet summer and fall weather impeded access to many drilling areas). The result was that sales of oil and gas well casing and tubing, and small diameter line pipe used for well hookups rose 62 percent to 469,900 tons from 290,900 tons a year earlier. Tubular product sales tonnage for other than energy applications rose nine percent. IPSCO estimates that its North American market share for all tubular products that it manufactures was about eight percent in 2000.

Average unit selling prices for tubulars fell one percent with a significant drop in large diameter prices, chiefly a product mix issue, almost offset by increases in the other lines, particularly oil country tubulars in the United States.

The Saskatchewan Department of Highways completed construction of this interchange in 2000. The overpass near the Regina Works utilizes IPSCO steel enhancing its strength and durability.

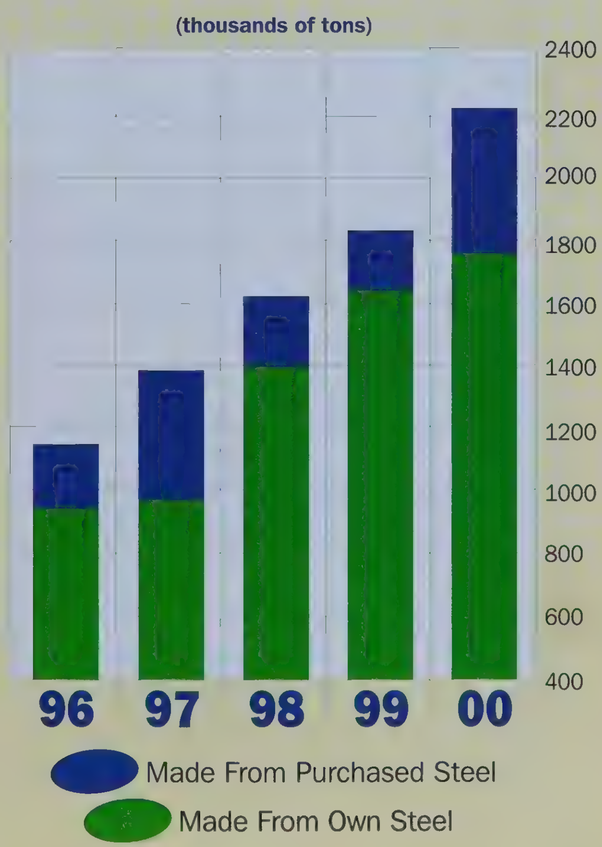
Operations

Operating levels for IPSCO's facilities are established from time to time in order to maximize total company profits rather than individual unit profitability. In the case of the company's two operating steelworks in 2000 (a third was under construction) there is a substantial overlap in the types and sizes of steel mill products each can produce. Because freight is a substantial cost item, the choice of facility at which a given order is to be produced is often based on the geographic location of the customer. Other products are unique to one of the steelworks, wide coil and plate to Montpelier, narrow alloy plate to Regina, for instance. The operating level for a further fabricating operation is determined by whether or not feedstock at a low enough cost is available such that the facility can generate an incremental financial return. Given that IPSCO's third party sales of steel mill products combined with the steel consumption of its further fabricating operations often exceeds the capacity of its own steelworks, the operating level of further fabricating operations would be determined by whether or not purchased steel was available at a suitable price. Thus plant operating levels are constantly adjusted to reflect external economic circumstances.

Raw Materials

The year 2000 saw IPSCO purchase some $509 million in raw materials including steel scrap, pig iron, alloy materials, carbon electrodes, oxygen, refractories, limestone, natural gas, electricity, and hot rolled coil. Materials used more or less uniquely by the steel industry saw limited upward price pressures. Unit cost of electricity for the company's steelworks, whose steelmaking furnaces are electric ones, was virtually unchanged based on long-term contracts. Natural gas used as an assist to the electric furnaces and as the main source of energy for subsequent steel heating operations was a different matter – unit gas prices paid by IPSCO plants went up almost 48 percent year-over-year. On the same basis the cost of a ton of steel increased $3 due to higher natural gas prices.

Shipments



A total of 2.1 million tons of steel scrap and pig iron were purchased in the U.S. and Canada at an average cost per ton of four percent below that of 1999. Some 19 percent of IPSCO's needs were provided by the 81 percent IPSCO-owned General Scrap Partnership, a scrap collecting and processing business operating in Western Canada and North Dakota, and wholly-owned IPSCO Direct Inc., an Alberta scrap collection company.

Hot rolled coil consumed by the company's further fabricating facilities, supplementing IPSCO's own steelmaking capability, amounted to 534,200 tons, more than double the 217,000 ton figure of a year earlier.

Steelmaking

Record liquid steel production of 2,020,900 tons was 13 percent higher than 1999.

A total of 1,040,800 tons of liquid steel was produced at the Regina Steelworks, a marginal three percent lower than the 1,073,100 tons of the previous year. Capacity utilization was 93 percent, somewhat below the 95 percent of 1999 as a scheduled eight-day shutdown was taken to facilitate some capital improvements and major maintenance. The output of steel mill products was 978,900 tons.

Liquid steel production at the Montpelier Steelworks reached 980,100 tons, with finished steel production of 925,600 tons. Impressively 38 and 40 percent respectively higher than the figures for 1999, the production levels were substantially below that required to meet the rated capacity of 1,250,000 product tons as the operation continued to be hampered by equipment problems which are the subject of a lawsuit with the general contractor and equipment supplier for the plant. Among myriad problems one of the most severe from a capacity point of view was with the slab reheat furnace which had to be shut down several times during the year and is expected to undergo a three week shutdown for major modifications in 2001. Effective utilization of 73 percent, up from 52 percent a year earlier, is still a far cry from the mid-nineties figure experienced at the Regina Steelworks.

The number of man hours required to produce a finished ton of steel mill product at Regina, a weighted average for coil and discrete plate, was 0.81, up from 0.78 a year earlier. The comparable figure for Montpelier was 0.59 man hours, down from 0.75 in 1999. The average for both steelworks was 0.70 man hours per ton.

Coil Processing

The company's coil processing operations handled a total of 490,400 tons up 37 percent from the year earlier 358,000 tons. The numbers include a small amount of discrete plate handled as mill depot stocks. Substantial gains were

This 200 tonne capacity crane – the first of its kind made with IPSCO heavy plate was installed in the Regina melt shop. A temporary runway was erected to allow for installation from the outside so as not to disrupt production. The crane is capable of reducing the number of charges per heat and provides the capability to reduce emissions through enhanced operations.

made at all five of the company's coil processing locations except for St. Paul where despite production time lost due to a shutdown to install a temper mill the output was maintained at just slightly over the 1999 figure. IPSCO's coil processing facilities convert hot rolled coil of up to 96 inches in width to individual pieces typically from 10 to in excess of 40 feet in length in plate and heavy sheet thicknesses. Such processing is more economic than the production of discrete plate for smaller sized orders. Maintaining coil processing facilities in major steel fabricating areas often affords shorter delivery times to mill customers. Steel cut-to-length in this fashion is not as suitable for subsequent processing that requires virtually stress-free material but IPSCO's temper mills, which subject the product to one to three percent reductions in thickness, produce a surface finish and degree of flatness not available from traditional cut-to-length operations that lack temper mills.

The Houston Coil Processing facility enjoyed its first full year of operations in 2000. Congressman Gene Green cut the ceremonial ribbon to mark the start of the new operation at a Grand Opening and tour of the facilities for customers, suppliers and local dignitaries.

Tubular Operations

In 1999 the demand for large diameter gas transmission pipe was high due to the construction of a 2,320 mile long pipeline from Alberta to Chicago while simultaneously low energy prices dampened the need for smaller tubular products used in oil and gas wells and gathering systems. In contrast 2000 saw pipeline construction at a very low level while drilling, spurred on by high energy prices, increased impressively, driving up activity at IPSCO's smaller diameter pipe facilities. Despite lower demand for large diameter product, the company's pipemills set a new production record for tubular products at 786,700 tons.

Capacity utilization at the company's small diameter pipe facilities in Canada averaged 68 percent, up from 50 percent a year earlier. In the U.S. the three small diameter operations also averaged 68 percent, held back only because the Blytheville plant was not fully crewed, pending the resolution of certain equipment problems.

The mid-size electric resistance weld mill in Regina saw 49 percent utilization, double that of 1999. The large diameter spiral mill started tapering off in the first quarter and saw virtually no load in the last half of the year, averaging 34 percent utilization.

Tubular operations required 2.43 man hours to produce one ton of finished product from one ton of steel, about 15 percent higher than 1999 due solely to the product mix which saw a higher proportion of labor intensive small diameter pipe than the previous year.

Production increased at the Blytheville facility contributing to a new production record for tubular products at 786,700 tons.

Research and New Product Development

The year 2000 saw a major change in IPSCO's approach to research and product development. While not neglecting its traditional support for the company's activities through its central research facility in Regina and its extensive involvement in collaborative research and development with universities and independent institutes, IPSCO enhanced its company-wide support personnel base to provide strong leadership in creative metallurgical and operational development. IPSCO's Research and Development Centre became part of a larger Research and Technology Group that includes persons with substantial experience at senior levels in operations and operational technology and metallurgy. Externally the company expanded its role and financial backing of curriculum development at schools and universities and continued its support of co-op programs that enhance the training of prospective employees.

Total spending classified as research and development rose to $5.4 million from $1.4 million in 1999. A substantial portion of the increase went to a major program to develop a high strength grade of discrete plate suitable for the manufacture of so-called X-70 or Grade 70 gas transmission pipe. IPSCO manufactures such pipe itself using steel in coil form and has had many years' experience in producing X-70 coil. American producers of such large diameter line pipe typically use discrete plate as starting material and considerable in-plant experimentation was required to adapt existing IPSCO knowledge to the platemaking process. The in-plant work was carried out at the Montpelier Steelworks but will be of benefit to the other steelmaking operations as well.

Last year's annual report referred to a project to enhance IPSCO's capability to produce low hydrogen steels. This was successfully completed in 2000 at the Regina Steelworks. Certain grades of steel, especially those used for high pressure gas transmission line pipe and crucial structural applications, are susceptible to a defect called "hydrogen induced cracking" caused by the presence of hydrogen in the steel. Development work has resulted in changed practices that have caused a noticeable reduction in hydrogen levels. Hydrogen tends to become chemically part of steel during the melting and refining process due to the presence of water molecules (hydrogen oxide) and is a greater problem during periods of high humidity when raw materials tend to absorb moisture. Thus the Regina findings will be especially important for steelmaking operations at the new Mobile Steelworks, located as it is in close proximity to the Gulf of Mexico where high humidity is prevalent.

In 2000 work was undertaken to exploit the use of accelerated cooling of discrete plate, as it exits the rolling mill, to

Computer analysis of welding parameters undertaken at the company's Research and Development Centre allows the company to match customer procedures and to monitor the arc characteristics while welding. This enables IPSCO to work with customers in determining the appropriate steel for their applications.

enhance the product's strength and obviate the need for high amounts of costly alloy additions that are an alternate but more expensive way to increase the steel's strength. Preliminary results have been encouraging with a 20 percent rise in strength for some grades of plate. The work will continue in 2001.

Last year IPSCO reported on its work aimed at developing high strength plate in coil form and its success in producing such material in strengths of 90,000 to 100,000 pounds per square inch, depending on thickness. That work continued in 2000 with ranges between 100,000 to 110,000 pounds per square

inch being produced. By combining the use of different alloying practices on the coiled product with temper leveling at IPSCO's newer coil processing facilities strengths of 120,000 psi in thicknesses up to ½ an inch have resulted. Characteristically products exhibiting higher strengths due to rolling practices exhibit decreased ductility as the strength increases. Work continues to achieve acceptable ductility while retaining the higher strengths. Compared to high strength products manufactured by thermal furnace treatments the IPSCO high strength as-rolled plate will offer superior weldability, formability, and toughness at a lower inherent cost of production.

In 1999 IPSCO reported developing the chemistry required for a high strength proprietary thermal well casing resistant to sulphide stress corrosion. The product was successfully commercialized in 2000.

The prospect of new pipelines delivering natural gas from Alaska and northern Canada to the 48 states presents new challenges for IPSCO's own large diameter pipemaking facilities. During the year the production of X-90 pipe was successfully demonstrated and work continues to enhance its potential strength while maintaining the high toughness values required in cold climates.

IPSCO is taking an active role in curriculum development at schools and universities in areas where it operates to ensure that the steel industry remains a viable career alternative for today's youth. Surveys of universities indicate that very few currently offer courses in ferrous metallurgy. This trend, if it continues, would obviously be injurious to the existence of an innovative steel industry in the future. Consistent with its longstanding reputation as an innovative steel maker, IPSCO has increased its efforts in supporting educational institutions in order to attract some of the best young minds to ferrous metallurgy and other fields relevant to the steel industry. IPSCO is a strong supporter of co-op educational programs, with five co-op students working in our research centre throughout the year, and another 11 students working in the manufacturing environment. The support of co-op programs in North American universities results in these engineers graduating with first-hand knowledge of the technical complexity of the steel industry. This provides positive direction for the graduating engineer and also allows for quick emersion of the graduates into the steel arena. In addition to hiring co-op students IPSCO contributed approximately $110,000 towards the running of both co-op and other university and college programs in Canada and the United States. Because some universities have opted to close their metallurgy and materials departments, IPSCO has been a strong supporter of the diminishing number of professors in ferrous metallurgy by offering or supporting research grants. The year 2000 saw the company contributing $132,000 towards this effort.

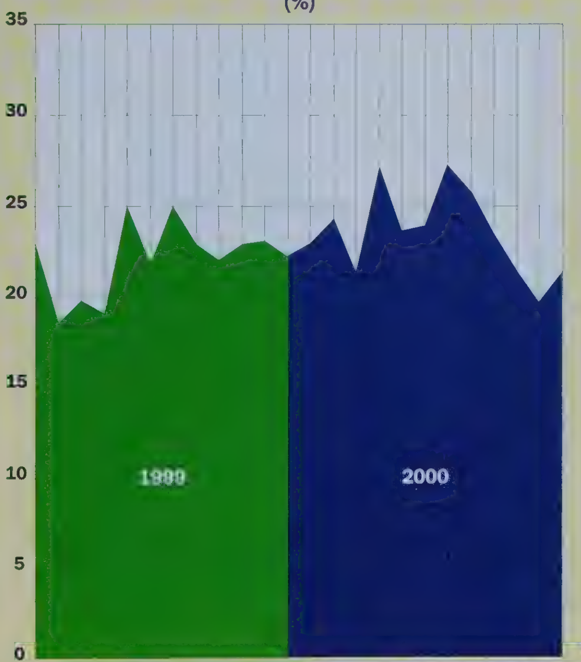
Markets and Imports

IPSCO views the United States and Canada as its North American home market and exports very little to other jurisdictions. Unless specifically otherwise noted, references to "North America" exclude Mexico. Because of tardiness and in some cases inadequate detail in published statistics the numbers quoted for consumption are often only rough estimates and should be construed as broad indicators rather than precise numbers.

The annual consumption of steel in Canada and the United States is quoted as "apparent demand", the number being calculated as the total tonnage shipped to customers by domestic steel producers plus the tonnage of imports. Imports often come in surges and may remain unsold and on the receiving docks long after they have been recorded as part of the apparent consumption. Thus changes in apparent demand from year to year are only rough estimates of the variation in true demand.

Monthly Import Penetration of Steel Markets

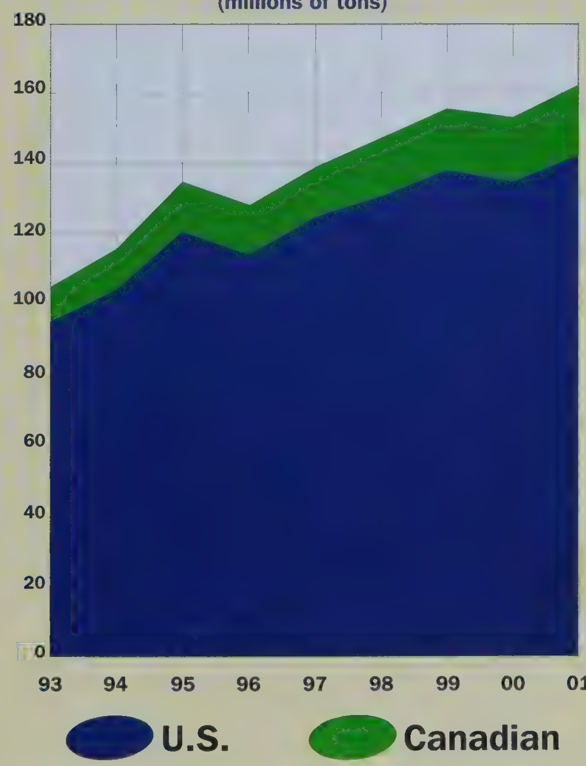
(%)



Import penetration into North America started to drop in 1999. However, it peaked again in mid-2000 as new exporting nations that were unaffected by earlier trade actions began dumping into North America. In late 2000 more trade actions were commenced.

Domestic Steel Consumption

(millions of tons)



Steel consumption appeared to be higher in 2000 however part of the rise was attributable to as yet unsold imported inventories.

Two years ago the North American steel industry saw surging steel imports, and much of the material entering the country remained on the docks at the end of December 1998, not to be actually consumed that year. This made the apparent demand for steel higher in 1998 than actual steel usage. In 1999, with imports falling by 6.9 million tons, apparent demand dropped by 1.6 million tons. But it is thought that steel usage actually went up somewhat in 1999 as excess imported but unsold inventories were absorbed by the market. For the year 2000 imports again rose and the apparent demand figures are expected to rise by 10.7 million tons or 6.9 percent to an all time record of 165.2 million tons. Real consumption probably increased on a year-over-year basis by somewhat less, four to five percent, with the balance comprising excess stock unsold at year-end, its presence overhanging the market and contributing to price weaknesses in almost all steel products.

Shipments by domestic steel producers rose from 112.0 to 116.2 million tons, or 3.8 percent, while imports to North America rose by 16.4 percent. While many countries exporting steel to North America claim they are only supplying the shortfall between the domestic industry's ability to supply and the total needs, this claim is not substantiated by the numbers. Indeed, evidence shows that the exporting countries found themselves with excess steel production at home, and rather than cutting back chose to export it to North America at fire sale prices.

While the above figures give a picture of the overall steel situation it is important to examine the details for steel products that IPSCO produces, each of which saw increases in both imports and apparent consumption levels.

For hot rolled carbon and alloyed steel the apparent consumption of hot rolled coil and sheet in the U.S. and Canada was 38.9 million tons, up stongly at nine percent from the 35.6 million of 1999, while imports rose a startling 31 percent from 6.7 million tons to 8.8 million, growing in share from 19 to 23 percent of apparent consumption. Clearly, rather than so-called "filling the gap" between domestic supply and domestic needs the imported hot rolled coil created an unusable surplus, increasing as it did at three times the rate of apparent market growth. This is born out by Steel Service Centre Institute statistics that show that at the end of November 2000, inventories of flat rolled steel in the hands of distributors were, in terms of months shipments on hand, about 22 percent higher than a year earlier. Not surprisingly prices for hot rolled coil in narrower widths (72 inches and below) fell some 35 percent by year-end from a high reached midway in the second quarter.

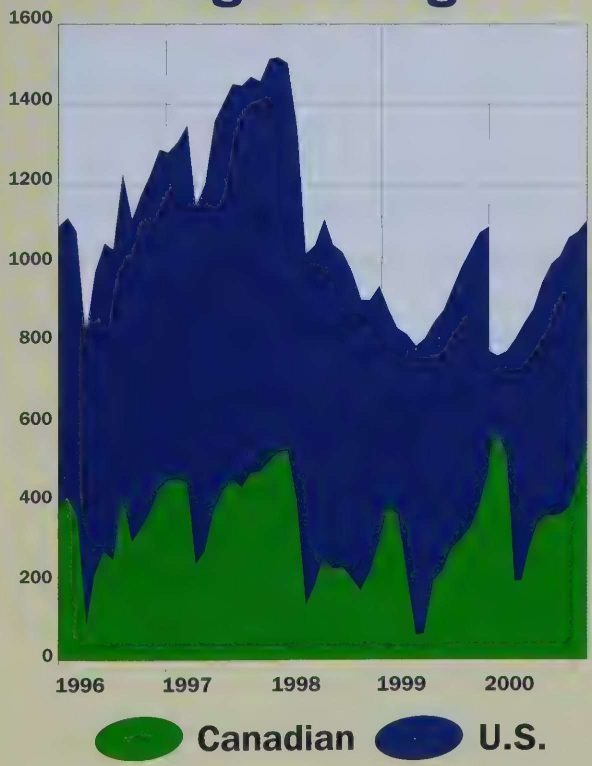
The apparent consumption of discrete plate rose by six percent to 7.5 million tons from 7.1 million. Imports remained virtually unchanged at 972,000 tons compared to 923,000 tons, representing about 13 percent of apparent consumption.

Buoyed by strength in the usage of tubulars by the energy industry the total apparent consumption of tubular products rose 27 percent to 18.4 million tons from 14.5 million. As in many other products

imports increased disproportionately rising 60 percent from 2.2 million tons to 3.5 million.

Tubulars for energy applications saw their apparent consumption rise 35 percent to 6.6 million tons, of which 1.7 million tons were imported, an increase of 75 percent over 1999. Of the remaining 11.8 million tons of apparent consumption which comprises tubulars for non-energy applications the consumption of standard pipe reached 3.1 million tons, up 20 percent, and that of hollow structurals rose to 2.4 million tons, also up 20 percent (the other components of non-energy tubulars are not products produced by IPSCO). Imports of standard pipe at 1.0 million tons and hollow structurals at 149,000 tons were up 57 and 21 percent respectively.

Oil and Gas Well Rigs Drilling



Drilling in both Canada and the U.S. increased towards year-end. Drilling was hampered in Canada earlier in the year by wet weather.

Product by product, the above accounts share a common theme: increasing imports as a share of the total market. How did such a situation occur? As the world economy recovered from the Asian crisis steel demand started to increase the world over. Countries with shutdown steelmaking capacity put some or all of it back into production. They overestimated demand in their local markets and, rather than cut back again, increased shipments to North America, one of the only truly open markets for steel. Many of the sources of the imports to North America originate in protected markets, permitting the producers to earn profits at home while selling at lower prices in North America. In other cases the suppliers knowingly sell at a loss because this is a cheaper alternative than shutting down capacity. World Trade Organization (WTO) rules do not condone such practices and the receiving country is permitted to impose duties on the offending imports to offset the level of unfair pricing, so-called dumping duties.

The problem is that such duties can be applied only after a significant amount of the imports have already been sold and the damage is already done to domestic producers in terms of lost sales or drastically eroded selling prices. While over-simplistic, trade actions and the remedies permitted under the WTO can be compared to those of a mythical country's laws against bank robberies:

- If you are caught robbing a bank in this mythical country you are found guilty only if you stole a lot of money (in trade laws, you must have injured domestic producers significantly).
- Even if guilty you are allowed to keep what you stole!
- And if you wish to keep robbing banks you may do so, as long as you give the government a percentage of each theft (in trade law, importers pay dumping duties to the government on volumes imported illegally).

In 2000 the impact of the 16.4 percent surge in imports had such a bad effect that there were some nine U.S. steel companies in one form of bankruptcy or another as this report is being written, with only IPSCO and four others, of all the flat rolled steel producers in North America, publishing profitable results for the fourth quarter.

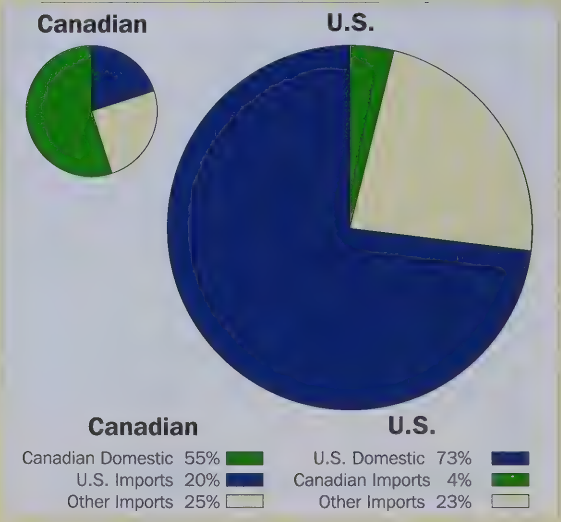
With companies being driven into the red at a fast clip a new round of trade cases was filed for various steel product lines in both countries, while strong cases for continuing remedies were put forward in "sunset" reviews where penalties were already in place as the result of earlier findings.

IPSCO joined with other U.S. mini-mill producers of hot rolled coil in commencing a trade suit alleging the dumping in America of hot rolled coil by 11 countries. In addition five of these countries were charged with illegally subsidizing their exports. In December the International Trade Commission ruled unanimously that there was a preliminary indication that these products had caused injury to domestic steel producers. The final determination in this case will occur in August 2001. In Canada a similar trade case against 13 countries was in its preliminary stages at year-end.

A U.S. sunset hearing held to review an anti-dumping and countervail (illegal subsidy) finding in place since 1993 was upheld against ten countries.

In the United States a so-called "201" action succeeded in the imposition of quotas against imports of small diameter line pipe from all countries except Canada and Mexico. A sunset review of findings of dumping and illegal subsidization of standard pipe from eight countries resulted in their continuance. A sunset review process is currently underway with respect to oil country tubular goods imports from Argentina, Italy, Japan, South Korea, Mexico and early in 2001 a case

2000 Steel Markets



The U.S. market is about seven times larger than the Canadian market.

against line pipe in larger diameters was commenced against Mexico and Japan.

In Canada a sunset review upheld anti-dumping findings in place against Korean standard pipe for another five years while two other reviews were in progress.

Both the U.S. and Canadian steel industries are under the threat of being gradually reduced to a mere shadow of their former selves by unrelenting and repetitive surges of imports, the latest round of which we have documented above. Despite cases brought about under each country's trade laws the weaker companies are put into bankruptcy situations while stronger ones such as IPSCO, while remaining profitable, yield unattractive financial returns to their shareholders. We wrote in last year's annual report of the "Steel Action Plan" prepared by the Clinton Administration in the United States – clearly it has not succeeded. New and vigorous action is required by both the United States and Canadian governments. Such action will have to include some sort of temporary quotas on steel imports, keyed to the more acceptable import levels that existed before the Asian crisis. Failure to take such action will mean that the U.S. is at risk of becoming the steel "California" of the world. By depending on electricity imports and shrinking local generating capacity the state of California now finds itself with inadequate electric generation within its borders, suffering blackouts and brownouts, and paying an exorbitant price for what little electricity it can find to import. Failure to maintain a viable North American steel industry will put all citizens' standards of living at risk should we be placed at the mercy of foreign suppliers for such a crucial raw material as steel. Without domestic supply we will be forced to pay whatever price is asked and take second place behind steel customers whose countries are blessed with their own supply.

Investments in New and Upgraded Facilities

Capital spending totaled $376.5 million for the year with the bulk of the amount being devoted to the ongoing construction of the new Mobile County, Alabama steelworks. The balance of the expenditures comprised minor modifications and improvements spread over all of IPSCO's operations plus $8.3 million for the purchase and installation of a temper mill for the company's St. Paul, Minnesota coil processing facility.

Some $339.6 million were spent on the fore-mentioned greenfield steelworks. The new facility will have an annual capacity of 1,250,000 tons of discrete plate and hot rolled coil and was designed along the same principles as the Montpelier, Iowa steelworks but with specific design defects encountered in the latter project having been addressed prior to construction.

IPSCO's use of in-line plate production and a Steckel rolling mill permits such

The first slab was cast at the Mobile Steelworks just after year end. The project is designed to reflect the operating efficiencies of the Montpelier Steelworks.

A temper mill was installed at the St. Paul cut-to-length line. The installation caused minimal interruption and customers now look forward to utilizing product with enhanced flatness and surface quality.

facilities to easily switch from production of hot rolled coils to discrete plate, or vice-versa. Because there is less consumption of discrete plate in North America than hot rolled coil, IPSCO's commercial strategy will be to initially sell a large portion of hot rolled coil, progressively reducing such sales each year and replacing them with increasing sales of discrete plate as that market increases. This strategy will avoid flooding the market with plate in excess of demand.

The project's original budget was $425 million of which $365 million was to comprise tangible project costs such as land, land improvements, buildings, and equipment while the other $60 million was to cover "soft costs" such as interest during construction, and operating losses during the commissioning period which are capitalized under IPSCO's accounting policies.

The actual "soft costs" will depend on the length and ease of the start-up and will not be known for six months or so.

The $365 million of budgeted tangible project costs chiefly includes work

performed under fixed price equipment supply contracts and a "guaranteed not to exceed" engineering and construction management contract for buildings, utilities, and equipment erection and installation. The company responsible for the work done under the "guaranteed not to exceed" contract has informed IPSCO that for a variety of reasons the actual spending will exceed the guaranteed amount. Part of the excess cost relates to a building supplier defaulting on a firm price bid, which is currently the subject of litigation. Determination of the responsibility for the balance of the potential overrun is the subject of ongoing discussions with the contractor.

While the final cost to IPSCO will not be known until after project completion and the conclusion of these discussions, IPSCO believes that any overrun will not materially impact the project's profitability.

(Subsequent to year-end, production of the first slab at Mobile took place in mid-January, only 20 months after the initial ground breaking for the project. Slab production from the new steelworks will undergo trials at the Montpelier rolling mill prior to the startup of the Mobile rolling mill, expected late in the first quarter).

While much lower in cost and less complex, the installation of a temper mill at the St. Paul coil processing facility has been an engineering and operational success. The facility took just a three week outage to complete the installation which had been ongoing simultaneously with full operations. Shortly thereafter production resumed while the finishing touches were put on the temper mill. Only nine months after signing the contract the new mill was placed in regular operation.

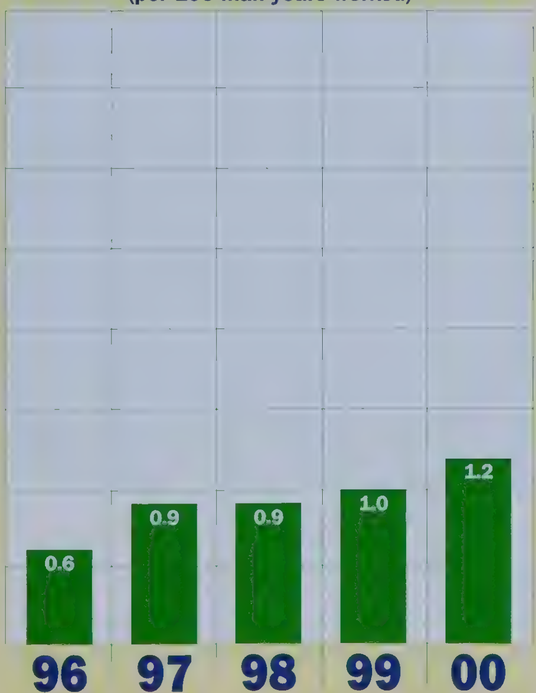
IPSCO People

An average of 1,962 persons were employed at IPSCO locations during the year, up from 1,752 the previous year. The major shift in employment was at Mobile as the permanent work force for the new steelworks was hired. By year-end employment at all locations totalled 2,073. There were 160 persons on layoff at year-end, primarily from the Regina large diameter pipe mill, idled due to lack of work.

IPSCO continued to record a relatively low frequency of lost time accidents with a rate of 1.2 accidents per 100 man years worked, only slightly ahead of the 1.0 recorded for 1999. The length of time an average injured employee spent away from work increased by 50 percent indicating the severity of the accidents had increased. If those accidents requiring alternate work assignments were added to the lost time accidents a frequency of 3.5 per 100 man years would result, down from 3.9 a year earlier, but nevertheless a figure which IPSCO is attempting to reduce. While unforeseen hazards and employee lapses may make a record of absolutely no accidents almost an impossibility it is nevertheless a goal towards which the company's safety programs are striving.

Frequency of Lost Time Accidents

(per 100 man years worked)



In 2000 a total of 29 persons retired – IPSCO people extend their best wishes to all of them.

Five employees died for other than work related reasons during the year. Sympathy is expressed to the families and friends of Melvin Weisgerber, Bernie Lyons, Wallace Borowski and Martin Ryan of Regina, and Robert Stefaniuk of Lisle, Illinois.

Sixteen IPSCO people reached twenty five years of service, swelling the ranks of IPSCO's Quarter Century Club to 227 active employees and 192 retirees who reached the 25 year mark before retiring. Reaching the forty-year mark with IPSCO were Fabien Carpentier, John Gottselig, Glen Elsner, and Al Schmidt of Regina and John Speiler of Calgary.

IPSCO supports its employees in life-long learning, offering tuition assistance to those who wish to dedicate their own

Steckel Mill Conference Representatives from ten countries attended the 11th annual gathering of Steckel Mill Operators at IPSCO's Montpelier Steelworks. The association enables steckel mill operators to share ideas, operating practices, and issues with colleagues. IPSCO's Olan Smith assisted in organizing the inaugural conference at IPSCO's Regina Steelworks and was integral in the success of the Montpelier conference.

time to further education and who are successful academically. Some 228 external courses were taken under the program in 2000, 68 of which were attended by hourly paid employees.

Job related training is also actively pursued by the company. In 2000 expenditures amounted to $2.6 million in the United States, reflecting the high level of activity in anticipation of the startup in 2001 of the Mobile Steelworks, and $350,000 CDN in Canada. No government assistance was received for employee training in Canada.

For many years IPSCO has operated numerous plans designed to share with employees part of the overall good fortune of the company in profitable years. These plans are over and above any incentive or gain sharing of a local nature and do not include any management incentive bonus plans related to profitability. As imports affected IPSCO's profitability in 2000, profit sharing to employees was affected as well. Total payments to employees relating to the year 2000 under all profit sharing plans, in either shares or cash, fell to $3.2 million from $4.6 million a year earlier.

The company plan with the widest participation is the ESPP – Employees Sharing Profits Plan. All employees save those belonging to the United Steelworkers of America in Canada and unionized employees at St. Paul are eligible to belong to the ESPP. Under the plan any employee voluntarily contributing $500 in 2000 to a share purchase plan received approximately 130 IPSCO shares each worth approximately $17 CDN over and above the 25 shares purchased with their $500 investment. The number of shares awarded each year is based on the company's profitability and the prevailing share price. An employee participating in the plan since its inception would have invested $8,000 CDN and would now own a total of 2,466 shares worth approximately $28,000 or $42,000 CDN.

United Steelworker members belong to a separate plan under which all those who worked 520 hours in each quarter received a total of 72 shares worth approximately $985 CDN at year-end.

At year-end, under the two plans, trustees held 720,117 shares on behalf of employees worth approximately $6.6 million.

Friends

Ernest L. Samuel, known affectionately in the North American steel industry as "Ernie", died in May after a brief illness. An entrepreneur and leader in the steel distribution industry Mr. Samuel was Chairman and Chief Executive Officer of Samuel, Son & Co. Limited and the publicly traded Samuel Manu-Tech Inc. from 1962 until his death. During that time his company grew from three locations with $5 million in sales to 83 facilities which generated in excess of $2 billion CDN. IPSCO joins many in our industry in saluting his accomplishments and extends its sympathy to the Samuel family.

Employees of the Mobile Steelworks embraced the concept of caring for their neighbors by collecting supplies and funds for victims of the Tuscaloosa tornado. The company made a substantial monetary donation and the supplies were delivered by the volunteer fire department that covers the Mobile facility.

In June, IPSCO named the road leading into the Montpelier Steelworks after Wayne Kraft. Mr. Kraft was a devoted IPSCO supporter and had worked tirelessly with the company in establishing the steel mill. Mr. Kraft died in October 1999. Although he did not survive to share in this dedication, his wife Valerie and their children were pleased to attend a special ceremony to celebrate his memory and the newly dubbed Wayne Kraft Way.

Directors and Officers

John Beddome, a director since 1986 and non-executive Chairman of the Board since 1996, retired in April, having reached the mandatory retirement age for board members. IPSCO people wish him well in his retirement and thank him for his many years of fine counsel and guidance.

Joining IPSCO's board in April was Jack Michaels, Chairman, President and Chief Executive Officer of Hon Industries, a leading North American office furniture and hearth products manufacturer with headquarters in Muscatine, Iowa.

In April Charles Sanida was appointed Vice President and General Manager, U.S. Steel Operations, and Joe Russo became Senior Vice President and Chief Technical Officer. In February Sanida was honored by his industry peers, being named Chairman of the 57 member Steel Manufacturers Association for a two-year term.

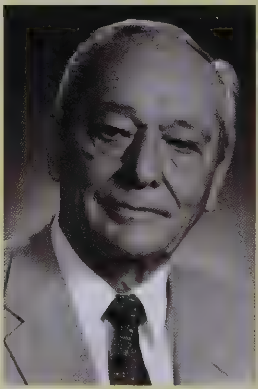
Robert Rzonca, who relinquished his role of Chief Personnel Officer at the end of 1999, retired as a Senior Vice President of the company at the end of the first quarter. During his 14 year career with IPSCO many employee-related innovations were put in place. His tireless efforts to make IPSCO a better company for shareholders and employees alike will be missed.

Ed Tiefenbach, Senior Vice President and Chief Financial Officer, retired on 1 July after almost 35 years with the company. IPSCO will miss his sage advice and wishes him well in his retirement. In August the Society of Management Accountants of Canada awarded him its highest honor by making him a Fellow of the organization, entitled to use the initials "FCMA" after his name. Appointed Vice President and Chief Financial Officer to replace him was Robert Ratliff who joined the company after a long financial career with an American manufacturing company.

In July Dan Miksta joined IPSCO as Vice President and General Sales Manager, Steel Products. He had spent 29 years in commercial management positions with another U.S. steel company.

The death of Bob Stefaniuk, IPSCO Treasurer, and long time financial executive at various company locations, was noted earlier in this section. Bob had been a key figure in many IPSCO endeavors including the conception and construction of the Montpelier Steelworks. IPSCO people from many parts of the company mourn his premature passing and extend their sympathies to his family.

Two retired IPSCO directors died during the year. Former Canadian Senator E.W. ("Staff") Barootes and William (Bill) Elliott, Q.C., both of Regina died in August. Barootes had been a director from 1982 to 1989. Elliott was a director from 1966 to 1992, and was non-executive Chairman of the Board from 1986 to 1992. Both made valuable contributions to IPSCO. In addition Bill Elliott had served as lawyer to the company in its earlier years. In recognition of their contribution to the company and Canada as a whole IPSCO has established the Elliott and Barootes Unity Essay Contest under which Grade ten students from across Saskatchewan can submit essays dealing with the importance of national unity in Canada. Five scholarships of $2,000 CDN each will be awarded annually to be applied to post-secondary education.



William Elliott served as a company director from 1966 to 1992 and was the non-executive Chairman of the IPSCO Board from 1986 to 1992.

Former Canadian Senator E.W. ("Staff") Barootes was a company director between 1982 and 1989.

IPSCO as a Corporate Citizen

Much has been written in recent years about what has been termed "corporate responsibility" and the supposed responsibility of companies towards "all" their stakeholders. IPSCO believes that its fundamental responsibilities are to obey the laws of the jurisdictions in which it operates and to represent the best interests of its owners, the shareholders. The first interest of its shareholders is to maintain IPSCO's financial health and to grow the company in a sound fashion. Absent this prerequisite a company cannot attract new money to keep growing, let alone generate enough funds from its operations to maintain its assets in good working order. When this happens a company dies, gradually or quickly as the case may be. Jobs disappear, suppliers lose business, communities lose a source of charitable donations to mention just a few of the consequences of its demise. But keeping a company growing and prosperous, while precluding spending commitments it cannot afford, does not mean turning its back on society as a whole.

IPSCO believes that being a good corporate citizen is a good investment for its shareholders.

At IPSCO being a good corporate citizen first and foremost means being a good neighbor. This is reflected in support for community activities and a pro-active response to environmental issues.

Charitable Donations

($ thousands)

A total of $1.1 million was spent by IPSCO in community support and charitable endeavors, which amounts to 1.5 percent of the company's annual after tax profits averaged over the three previous years – a formula for giving to which IPSCO has been long committed. Committees of employees at the various locations are responsible for recommending the actual spending program that emphasizes local initiatives often neglected by larger firms, although more broadly based charities are not forgotten. Some examples from the year 2000 giving program:

- A $250,000 CDN pledge to the Northern Alberta Institute of Technology for its new Centre for Welding Technology. The Institute will provide students with a sound knowledge of welding – a trade that is highly relevant in both the manufacture of some IPSCO products and their subsequent installation or use.

IPSCO contributed to the Armorel-Huffman Fire Department, the organization that provides coverage in the area, including at the Blytheville Pipemill, to assist with the purchase of newer fire trucks. In addition, Red Deer College was the recipient of a $50,000 CDN donation to help enhance library services.

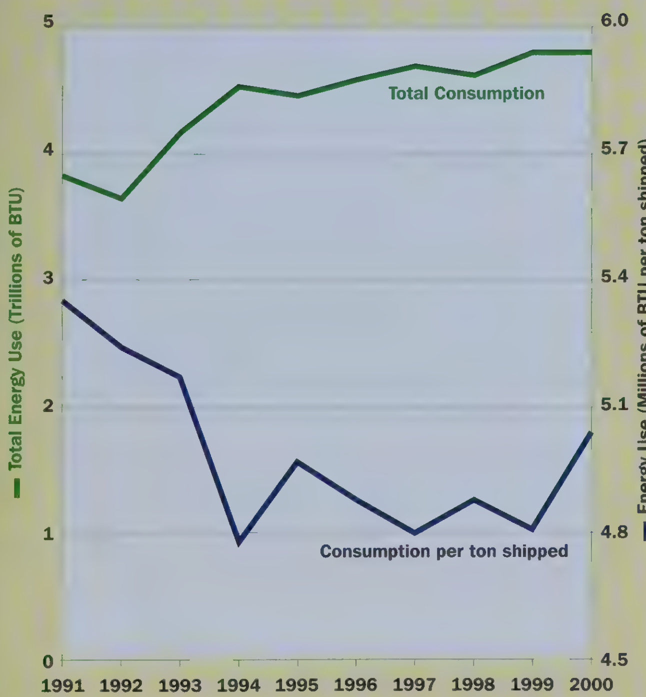
- A $10,000 contribution on behalf of IPSCO's Geneva, Nebraska facility will fund computer equipment at the Fillmore Central High School for its rejuvenated Industrial Arts Program that will now offer computer aided drafting courses.
- In Red Deer new equipment for the local hospital's emergency room was purchased.
- A pledge of $37,500 CDN was made to support a portion of a project to preserve native prairie lands being undertaken by the Nature Conservancy of Canada.

The Montpelier Steelworks supports the Eastern Iowa District Community College Manufacturing Training Center as a charter sponsor. The facility offers training and has expanded to offer classes with a more flexible curriculum and hours – important to employees who are working rotating shifts. At the Mobile Steelworks 19 students have enrolled in the Manufacturing Technology program at Bishop State Community College. The company assisted in designing the course curriculum and in working with students enrolled in the course to give a real life flavor to the studies. Although successful completion of the course does not guarantee employment with IPSCO the company has hired four of the graduates so far.

IPSCO's very core business provides a major assist to the environment since virtually all of its raw material is steel scrap. In 2000 the company recycled 2.1 million tons of scrap, obviating the need for mining iron ore that would have been required to produce virgin steel, and using materials that would otherwise be left abandoned or placed in landfills, and requiring much less energy. Nevertheless some energy is used and while fewer emissions result they must nevertheless be controlled. Charts in this section demonstrate IPSCO's energy use at its Regina Steelworks and its relative efficiency compared to the Canadian steel industry as a whole. In future years, as soon as the Montpelier Steelworks approaches capacity, similar data will be provided for it.

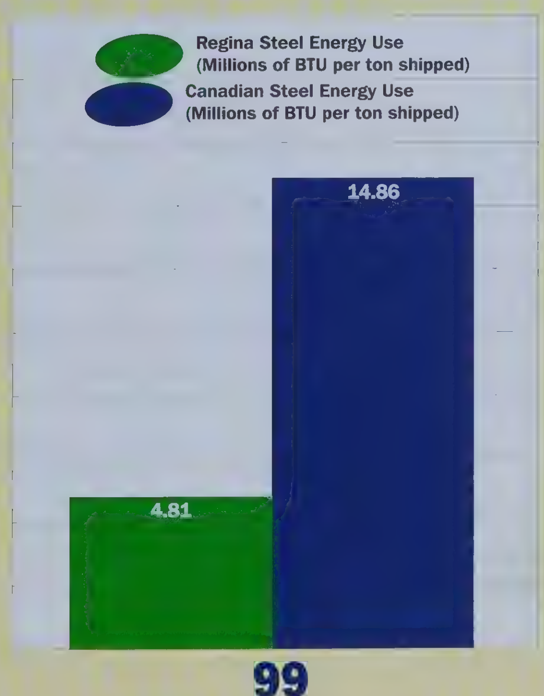
In 2000 IPSCO spent a total of $28 million in capital on projects designed to address environmental issues. At both its Montpelier and Mobile Steelworks it is pioneering in the use of triboelectric or broken bag detection, a system that detects changes at such low levels that equipment malfunctions are discovered before unwanted emissions exceed a given standard, making it possible to correct malfunctions before harm is done. During the year work continued to ready the company and its employees for the installation of an environmental management audit system.

Regina Steel Energy Use



Energy consumption per ton shipped increased due to the accumulation of finished goods in inventory.

Unit Energy Use



IPSCO's Regina Steelworks consumes less energy per ton than the overall Canadian industry because it recycles scrap avoiding the need to use energy to produce iron.

Landscaping its operating facilities is an activity which IPSCO strongly endorses. At the Mobile Steelworks, the high school football team from neighboring Satsuma, Alabama helped plant 3,000 trees at the site as a fundraising event for their team.

Another facet of good corporate citizenship involves letting the general public and governments know of the impact of public policies on the company's and the steel industry's well being. In 2000 the company's main concern related to trade policy, for reasons well documented under **Markets and Imports**. But other issues conducive to good corporate health, and thus needed to sustain a good economic environment for all, must be constantly put before our legislators and the public. To ensure all sides of the story are told in public policy debates affecting the livelihoods of all those who depend on IPSCO's success the company supports and is active in many steel industry associations, broader business coalitions, as well as "think tanks".

In 2000 these included, at the industry level, the American Iron and Steel Institute, the Steel Manufacturers Association, the Canadian Steel Producers Association, and the International Iron and Steel Institute. At the general business level these include local and regional Chambers of Commerce and both the United States Chamber of Commerce and the Canadian Chamber of Commerce, and Canada's Business Council on National Issues. Organizations involved in public policy research supported by IPSCO include The Economic Strategy Institute in the United States, and the C.D. Howe Institute, the Public Policy Forum, the Canadian Policies Research Network, and the Fraser Institute in Canada.

Outlook

As 2000 drew to an end the U.S. and Canadian domestic steel industries were in the worst financial shape that has been seen in many years. Bankruptcies and red ink were the order of the day for all but a few flat rolled steel producers. IPSCO was one of the few to maintain profitability. As the first six weeks of the new year began to unfold there were small indications that the steel cycle had reached a low point – delivery times lengthened and modest price increases seemed to be sticking.

IPSCO expects strong continuing demand for its line of oil country tubular goods and small diameter line pipe, especially in Canada. Its equipment lineup – strengthened by its new Mobile Steelworks, which will take pressure off the other steel operations and, on an immediate basis, permit downtime for equipment improvements at the Montpelier Steelworks – should mean lower production costs. Failing an unforeseen renewed problem with dumped imports or a severe economic downturn the conditions seem right for ongoing profitability for IPSCO but the precise level is difficult to predict.

Looking further into the future, IPSCO believes large diameter pipeline construction should increase in tempo. Coupled with a continuing healthy energy demand supporting strong well drilling activity for oil and gas, IPSCO's tubular operations should see even greater total demand. Fully operational steelmaking facilities will round out the company's potential. But as always issues external to IPSCO will bear an important role – the state of the economy in general and the level of imports.

Roger Phillips

Roger Phillips
President and Chief Executive Officer
2 March 2001

Corporate Information

Directors

Burton Joyce (M, N)
Sioux City, Iowa
President and Chief Executive Officer,
Terra Industries Inc.

Thomas Kierans, O.C., (N)
Toronto, Ontario
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Jack Michaels (A)
Muscatine, Iowa
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Bernard Michel (M)
Saskatoon, Saskatchewan
Chairman and Chief Executive Officer,
Cameco Corporation

Allan Olson (A, N)
Spruce Grove, Alberta
President,
First Industries Corporation

Roger Phillips, O.C., F. Inst. P., (M)
Regina, Saskatchewan
President and Chief Executive Officer,
IPSCO Inc.

Arthur Price (M, N)
Calgary, Alberta
Chairman and Chief Executive Officer, Axia NetMedia Corporation

Richard Sim (M)
London, England
President and Chief Executive Officer,
APW Ltd.

Roger Tetrault (A)
Punta Gorda, Florida
Retired Chief Executive Officer,
McDermott International Inc.

Kim Thorson, Q.C. (M)
Weyburn, Saskatchewan
Barrister and Solicitor

D. Murray Wallace (A)
London, Ontario
Chairman, Park Street Capital Corporation
President, Axia NetMedia Corporation

William Woodward (A)
Calgary, Alberta
President and Chief Executive Officer,
Fransyl Inc.

John Zaozirny, Q.C. (M, N)
Calgary, Alberta
Counsel, McCarthy, Tétrault

Officers

Burton Joyce
Sioux City, Iowa
Chairman of the Board

Roger Phillips, O.C., F. Inst. P.
Regina, Saskatchewan
President and Chief Executive Officer

Charles Backman
Regina, Saskatchewan
Senior Vice President and Chief Administrative and Engineering Officer

David Britten
Naperville, Illinois
Vice President and General Manager, Tubular Products

Barry Hodson
Bragg Creek, Alberta
Vice President and General Sales Manager, Canadian Tubular Products

Peter MacPhail
Regina, Saskatchewan
Vice President and General Manager,
Canadian Steel Mill Products

Daniel Miksta
Libertyville, Illinois
Vice President and General Sales Manager, Steel Products

Anne Parker
Wheaton, Illinois
Vice President, Trade Policy and Communications

Raymond Rarey
Geneva, Illinois
Vice President and Chief Personnel Officer

Robert Ratliff
Batavia, Illinois
Vice President and Chief Financial Officer

Joseph Russo
Aurora, Illinois
Senior Vice President and Chief Technical Officer

Charles Sanida
Chicago, Illinois
Vice President and General Manager,
U.S. Steel Mill Products

David Sutherland
Naperville, Illinois
Executive Vice President and Chief Operations Officer

John Tulloch
Naperville, Illinois
Senior Vice President and Chief Commercial Officer

John Comrie, Q.C.
Naperville, Illinois
Secretary

Robert Eisner
Naperville, Illinois
Assistant Treasurer

Auditors

Ernst & Young LLP

Listings

The New York Stock Exchange
The Toronto Stock Exchange

Registrars and Transfer Agents

Computershare Trust Company of Canada
The Bank of New York

Stock Symbols

IPS – Common shares

IPS.PR.A – Preferred Shares
(Toronto Stock Exchange Only)

For information regarding the company refer to the company's web site located at www.ipsco.com or contact:

Communications Department
P.O. Box 1670
Regina, Saskatchewan
S4P 3C7

Committee Membership as of 1 January 2001

(M) Member of the Management Resources and Compensation Committee
(A) Member of the Audit Committee
(N) Member of the Nomination and Governance Committee

Six Year Summary

($U.S. unless otherwise indicated)

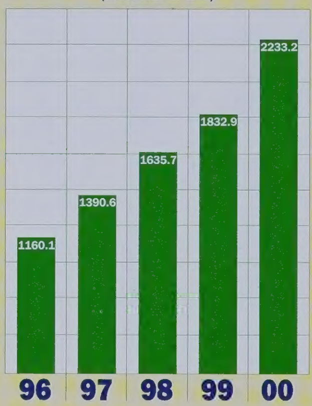
	Year Ended 31 December	2000	1999	1998	1997	1996	1995
OPERATIONS	Coil and Plate Tons Produced	1,904.5	1,662.2	1,466.7	1,058.9	969.4	932.1
	Finished Tons Shipped	2,233.2	1,832.9	1,635.7	1,390.6	1,160.1	1,011.1
	Sales Per Ton *	$ 425	$ 441	$ 438	$ 481	$ 452	$ 456
	Less: Cost excluding interest and income taxes *	386	381	365	392	390	389
	Operating Profit Per Ton * ◆	$ 39	$ 60	$ 73	$ 89	$ 62	$ 67
	Average Number of Employees *	1,962	1,752	1,721	1,710	1,508	1,438
STATEMENT OF EARNINGS	Sales	$ 949.3	$ 808.3	$ 717.0	$ 668.9	$ 524.9	$ 460.7
	Less: Cost of Sales **	826.3	661.9	583.5	528.1	431.7	365.3
	Interest on Long-Term Debt	6.9	19.1	16.0	5.8	1.3	4.9
	Amortization	35.3	29.7	20.2	12.5	12.5	12.9
	Income Before Income Taxes	80.8	97.6	97.3	122.5	79.4	77.6
	Less: Income Taxes	23.1	23.3	23.5	36.3	25.1	24.3
	Net Income	57.7	74.3	73.8	86.2	54.3	53.3
	Dividends on Preferred Shares	6.0	5.9	0.7	–	–	–
	Interest on Subordinated Notes	4.9	0.1	–	–	–	–
	Net Income Available to Common Shareholders	$ 46.8	$ 68.3	$ 73.1	$ 86.2	$ 54.3	$ 53.3
STATEMENT OF CASH FLOWS	Cash Flow from Operating Activities						
	From Earnings	$ 92.2	$ 81.7	$ 93.9	$ 87.8	$ 62.2	$ 64.0
	From Operating Working Capital	(69.4)	(26.2)	(45.6)	(39.2)	(26.8)	(2.6)
	Total Dollars	$ 22.8	$ 55.5	$ 48.3	$ 48.6	$ 35.4	$ 61.4
	Cash Capital Expenditures	$ 370.3	$ 120.7	$ 107.4	$ 159.5	$ 77.1	$ 155.1
FINANCIAL POSITION AT YEAR END	Current Assets	$ 447.6	$ 479.2	$ 453.7	$ 406.0	$ 345.4	$ 243.6
	Less: Current Liabilities	182.2	196.7	125.2	172.3	115.7	96.6
	Working Capital	265.4	282.5	328.5	233.7	229.7	147.0
	Capital and Other Long-Term Assets	1,175.1	993.8	809.1	668.3	570.2	543.7
	Total Investment	1,440.5	1,276.3	1,137.6	902.0	799.9	690.7
	Less: Long-Term Debt	343.8	297.5	286.5	272.6	251.5	186.7
	Deferred Items	112.1	98.9	60.0	20.5	32.3	34.7
	Shareholders' Equity	$ 984.6	$ 879.9	$ 791.1	$ 608.9	$ 516.1	$ 469.3
FINANCIAL RATIOS	Return on Common Shareholders' Equity	6%	9%	11%	15%	11%	12%
	Long-Term Debt as a % of Total Capitalization	26%	25%	27%	31%	33%	28%
	Working Capital Ratio	2.5:1	2.4:1	3.6:1	2.4:1	3.0:1	2.5:1
SHAREHOLDER INFORMATION *(adjusted for 3-for-2 stock split of March 1998)*	Net Income Per Common Share *	$ 1.15	$ 1.68	$ 1.80	$ 2.12	$ 1.34	$ 1.31
	Net Income Per Common Share (Fully Diluted) *	0.97	1.52	1.71	2.05	1.30	1.29
	Dividends Paid Per Common Share in Canadian Dollars*	0.50	0.50	0.50	0.32	0.32	0.32
	Dividends Paid Per Preferred Share in Canadian Dollars*	1.375	1.375	–	–	–	–
	Shareholders' Equity Per Common Share *	24.13	21.57	19.44	14.97	12.69	11.54
	Range of Market Value of Common Stock in Canadian Dollars on TSE – High *	30.50	34.60	46.70	45.10	26.23	20.00
	– Low *	11.25	23.25	25.05	23.83	18.93	14.67
	Range of Market Value of Common Stock in United States Dollars on NYSE / NASDAQ – High *	20.50	23.88	33.00	32.63	19.67	14.33
	– Low *	7.38	15.75	16.25	17.58	14.00	10.50
	Range of Market Value of Preferred Stock in Canadian Dollars on TSE – High *	25.25	26.45	25.80	–	–	–
	– Low *	22.40	24.00	24.85	–	–	–
	Number of Common Shares	40.8	40.8	40.7	40.7	40.7	40.6

** Dollars and numbers of shares in millions and tons in thousands except as indicated by asterisk. ** Includes selling, research and administration expenses. *** Previously published Canadian dollar figures have been converted to United States dollars using the 01 January 1999 exchange rate of CDN $1.5333 per US $1 in accordance with Canadian generally accepted accounting principles excepting Range of Market Value in US$. ◆ Excludes Montpelier shipments to 3 May 1998*

Financial Charts

Tons Shipped

(thousands of tons)



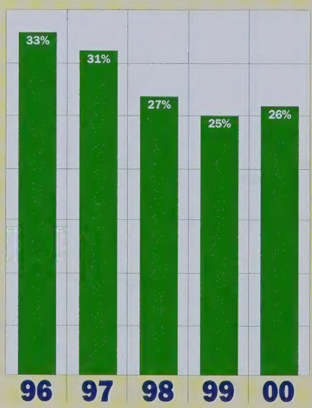
Net Income

($ millions)

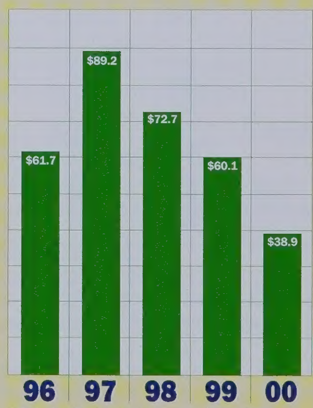
Basic Earnings Per Common Share*

* Reflects 3-for-2 stock split of March 1998

Debt as a Percentage of Total Capitalization



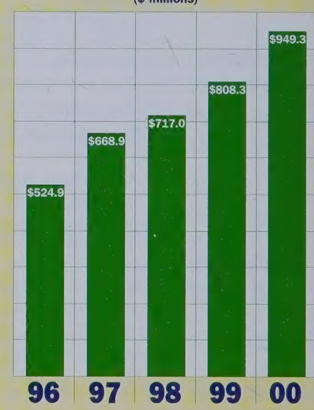
Operating Profit Per Ton*



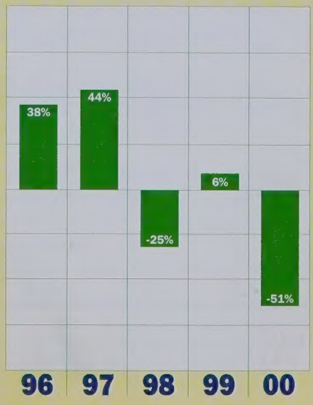
* Excluding Montpelier shipments to 3 May 1998

Sales Dollars

($ millions)

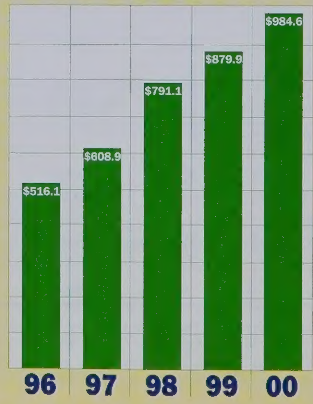


Market Return on Common Shares



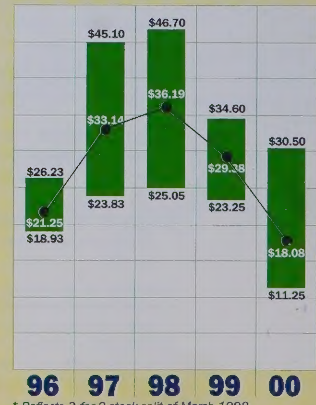
Book Value of Shareholders' Equity

($ millions)



Average Share Prices*

($ CDN)



* Reflects 3-for-2 stock split of March 1998

IPSCO Inc.
(A Canadian Corporation)

Legal Head Office
P.O. Box 1670
Regina, Saskatchewan S4P 3C7

Operational Headquarters
650 Warrenville Road, Suite 500
Lisle, Illinois 60532

Works
Regina, Saskatchewan, P.O. Box 1670
Calgary, Alberta, 7201 Ogdendale Rd. S.E.
Montpelier, Iowa, 1770 Bill Sharp Boulevard
Camanche, Iowa, 2011 - 7th Ave.
St. Paul, Minnesota, P.O. Box 64303
Houston, Texas, 13609 Industrial Road
Red Deer, Alberta, Central Park Road
Geneva, Nebraska, 1201 R Street
Surrey, British Columbia, 8250 - 130th St.
Toronto, Ontario, 1051 Tapscott Road
Blytheville, Arkansas, 5460 N. State Hwy 137
Mobile County, Alabama, 12400 Highway 43 North

Principal Subsidiaries
IPSCO Saskatchewan Inc.
(A Canadian Corporation)

IPSCO Ontario Inc.
(A Canadian Corporation)

IPSCO Steel Inc.
(A Delaware Corporation)

IPSCO Enterprises Inc.
(A Delaware Corporation)

IPSCO Tubulars Inc.
(A Delaware Corporation)

IPSCO Sales Inc.
(A Delaware Corporation)

IPSCO Minnesota Inc.
(A Delaware Corporation)

IPSCO Texas Inc.
(A Delaware Corporation)

IPSCO Steel (Alabama) Inc.
(An Alabama Corporation)

General Scrap Partnership
(81% owner as at 31 December 2000)

On peut obtenir la version française de ce rapport sur demande écrite adressée à:
IPSCO Inc. Communications
C.P. 1670, Regina (Saskatchewan) S4P 3C7

IPSCO Locations